

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM STATEMENT OF POLICY

FOR REPRESENTATION ON CORPORATE BOARDS OF DIRECTORS

~~February 20, 2007~~ December 15, 2008

This ~~policy document~~ is effective immediately upon adoption, augments existing Statements of Incompatible Activities for CalPERS Board members and Staff, and supersedes all other policies pertaining to representation on corporate boards of directors.

I. PURPOSE

This Policy sets forth the circumstances under which the California Public Employees' Retirement System ("~~the System~~ CalPERS") considers seeking representation on the board of directors of a corporation in which ~~the System~~ CalPERS invests. This Policy also acknowledges Board members' and Staff's rights to engage in corporate board activities outside of their roles with ~~the System~~ CalPERS, to the extent those activities are compatible with their CalPERS ~~System~~ roles.

II. RESPONSIBILITIES

A. The CalPERS' Board of Administration is responsible for approving and amending this policy.

B. Except as otherwise specified within this document, the CalPERS' ~~System's~~ Chief Executive Officer is responsible for implementing these policies and procedures, and for making further delegations to subordinate Staff as necessary.

III. POLICY PARAMETERS ~~& PROCEDURES~~

A. ~~System~~ CalPERS Representation on a Corporate Board

1. For purposes of this policy, "~~System~~ CalPERS representation" means that the corporate director (or director nominee) is a ~~System~~ CalPERS representative. A ~~System~~ CalPERS representative is one or more of the following:

a. A ~~System~~ CalPERS Board member

b. A member of CalPERS ~~the System's~~ staff

- c. A person retained by CalPERS~~the System~~ to undertake the corporate representation, and contractually charged with fiduciary duties to CalPERS~~the System's~~ participants.
 2. CalPERS~~The System~~ shall neither accept nor seek the election of a System-CalPERS representative to the board of directors of a corporation in which ~~the System~~CalPERS invests except in one or more of the following circumstances:
 - a. The level or structure of ~~the System's-CalPERS'~~ stock ownership in the corporation is such that ~~the System-CalPERS~~ shall likely, in the opinion of legal counsel, be deemed by the Securities and Exchange Commission or the courts a "controlling shareowner" or otherwise have a fiduciary duty to the corporation.
 - b. In the opinion of the ~~System's~~ Investment Committee ("Committee"), after consultation with investment and legal experts, the benefits of CalPERS~~the System's~~ representation on the corporate board outweigh the risks of increased liability exposure, potential conflicts of interest, and trading restrictions.

By way of illustration only (and without limiting the ~~Investment Committee's~~ consideration of this issue), the ~~Investment Committee~~ may rely upon this cost/benefit analysis to decide to seek System-CalPERS corporate board representation as part of ~~the System's~~CalPERS' Corporate Governance program.
 3. The Committee's decision concerning seeking or accepting corporate board representation for ~~the System~~CalPERS is expressly not delegated and remains solely with the ~~Investment Committee~~.
 4. If a System-CalPERS representative is elected or appointed to a corporate board of directors, that representative will face potentially dual fiduciary duties. ~~The System-A~~ CalPERS representative shall at all times be mindful of the potential conflict of interest, and shall recuse himself or herself from decisions by either the corporation or ~~the System~~CalPERS in situations where an actual conflict exists.
 - a. When making the decision about seeking or accepting System-CalPERS representation, and in designating the appropriate System-CalPERS representative, the ~~Investment Committee~~ shall consider (among other issues) the impact

upon the ~~System~~CalPERS of a recusal by the ~~System~~CalPERS representative.

b. The Board's General Counsel shall ensure that the ~~System~~CalPERS representative has access to the Board's outside fiduciary and securities counsel for advice and consultation regarding potential conflict issues.

c. ~~The System~~A CalPERS representative shall accept no compensation from the corporation for being a director. ~~The System~~CalPERS shall receive any director fees or other compensation paid by the corporation to directors, according to the corporation's standard director compensation policies.

B. Unrelated Representation on a Corporate Board by the ~~System's~~CalPERS Board or Staff

~~The System's~~CalPERS' Board or Staff members may seek or accept positions on corporate boards, where those positions are unrelated to the Board or Staff member's ~~CalPERS~~System role and only when in compliance with both the Political Reform Act (Gov. Code sec. 81000 et seq.) and the ~~System~~CalPERS's Statement of Incompatible Activities.

IV GLOSSARY OF TERMS

There are no master glossary of terms contained in this policy.

Adopted by the Investment Committee: March 16, 1998

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